

EXHIBIT H

New Owner Homesite and Subdivision Criteria**A. New Owner Homesite Criteria:**

[Review Note: Exhibits D-1-A through D-1- F show 5 named “Owner Homesite Area” clusters, and 44 potential Owner Homesites. Each potential Owner Homesite shown on Exhibits D-1-A through D-1- F contains a 5-acre “Homesite Improvement Area” surrounded by a 20-acre Homesite Buffer Area (as defined below). Although 44 Owner Homesites are shown on Exhibits D-1-A through D-1- F, the Conservation Easement limits Grantor to a maximum of 27 new Owner Homesites]

Each “Owner Homesite” will consist of a five (5)-acre residential building envelope (“Homesite Improvement Area”) and an additional twenty (20)-acre area for Owner Homesite private agricultural and recreational uses (“Homesite Buffer Area”). The development rights retained for each Owner Homesite shall include the right to implement any utility infrastructure within the Easement Area necessary or required for the Owner Homesite by the County or any other regulatory agency, subject to the restriction that such utility infrastructure shall comply with Subsection 3(a) of the Conservation Easement of which this **Exhibit H** is a part. Grantor retains the right to build one single family residence and accessory structures and facilities within each five (5)-acre Homesite Improvement Area, provided that all such structures and facilities shall comply with all requirements and limitations under this Conservation Easement. All of the Homesite Improvement Areas shall be treated in the aggregate as a separate zone within the Easement Area, subject to the criteria set forth herein. All of the Homesite Buffer Areas shall be treated in the aggregate as a separate zone within the Easement Area, subject to the criteria set forth herein. Any additional acreage within an Owner Homesite Parcel (as defined below in Subsection B(a)(1) of this Exhibit) that is outside the twenty-five (25)-acre Owner Homesite Area shall be included within the Management Plan for, and managed as part of, the Common Management Program applicable to the adjacent Owner Homesite Large Parcel, as provided for in Subsection 6(c) of the Conservation Easement, and shall be subject to the applicable provisions of the Conservation Easement.

(1) Eligible Owner Homesite Locations. The Owner Homesites and Homesite Improvement Areas within the five (5) Owner Homesite Areas identified on the Owner Homesites Maps attached as **Exhibits D-1-A through D-1-F** (collectively the “Eligible Owner Homesites”) have been determined by mutual agreement of Grantor and Grantee to be sited so as to not impair Conservation Values. Grantor has the right to build on these Eligible Owner Homesites without further approval from Grantee for the site locations

and boundaries; *provided*, placement and design of structures within the Homesite Improvement Areas shall meet the Siting Guidelines provided below in Subsection (A) 3. As used herein, a “Grantee Approved Owner Homesite” shall be an Eligible Owner Homesite, a Modified Owner Homesite, as defined in Subsection A (2) below, or an Owner Homesite approved by Grantee on an Owner Homesite Large Parcel pursuant to Subsection B (a)(1)(C) below.

(2) Modified Owner Homesites. Grantor may propose to Grantee to modify the boundaries of, or identify an alternative to, any twenty-five (25)-acre Owner Homesite or five (5)-acre Homesite Improvement Area within an Owner Homesite Area shown on **Exhibits D-1-A through D-1-F** (“Modified Owner Homesite”); *provided*, any such Modified Owner Homesite must meet the Siting Guidelines in Subsection A (3) below. Any Modified Owner Homesite proposed by Grantor shall require approval by the Grantee (which approval shall not be unreasonably withheld, delayed or conditioned) based upon the Grantee’s determination that such Modified Owner Homesite will not impair Conservation Values, and complies with the Siting Guidelines provided in Subsection A (3) below.

(3) Siting Guidelines.

(A) Resource Protection: Each Owner Homesite shall be within one of the five (5) Owner Homesite Areas identified on **Exhibits D-1-A through D-1-F**, and must provide a level of resource protection (including without limitation ecological, viewshed and other resource protection) comparable to that provided by the Eligible Owner Homesites shown on **Exhibits D-1-A through D-1-F**, as reasonably determined by the Grantee.

(B) Access: Each Owner Homesite Area must be accessible by already existing and/or historically used roads located and documented in the Baseline Conditions Report, with necessary road improvements, realignments or minor extensions allowed in accordance with regulatory agency review and permitting requirements pursuant to Section 8 of the Conservation Easement, and with new roads only as necessary to access internally the Owner Homesites within each Owner Homesite Area (allowing paving to Owner Homesite Areas and to each Owner Homesite).

(C) Sensitive Areas: Each Owner Homesite must recognize and address significant sensitive areas so that Homesite Improvement Area uses and facilities do not impair Conservation Values.

(D) Viewshed Criteria: Each Homesite Improvement Area must be located to accommodate buildings and structures that can be sited to meet the following viewshed criteria from the Castle Vantage Points as shown on **Exhibit G** and the current alignment of Highway 1 (collectively, the "Protected Views"): 1) all residential and accessory buildings and structures shall be "Screened" (as defined below) by existing topography if within one (1) mile line of sight from any of the Protected Views; 2) all residential and accessory buildings and structures shall be Screened by existing topography, existing vegetation, and/or "Landscaping" (as defined below) if within one to five (1 to 5) miles line of sight from any of the Protected Views. Grantor shall maintain all vegetative screening required by these provisions, and replace by Landscaping (as defined below) any vegetative screening that becomes ineffective, regardless of the cause. Any structures farther than five (5) miles line of sight from all of the Protected Views are considered to be very distant views and will not need to be Screened, unless screening is necessary to avoid "Skylining" (defined as any portion of the new building or structure extending above a ridgeline or other geological feature so that its profile is visible against the horizon from any of the Protected Views, in which event the structure must be Screened by Landscaping (as defined below) to avoid Skylining. Incidental Ranch Facilities allowed to be located in the Homesite Buffer Areas are not subject to these Viewshed Criteria so long as they comply with Subsection 3(a) of this Conservation Easement. The following definitions shall apply:

(i) Screened: For purposes of Viewshed Criteria, "Screened" shall mean not visible from any of the Protected Views, except for *de minimus* visibility. Distance from the Protected Views is to be considered as a factor in determining whether visibility is *de minimus*.

(ii) Landscaping: Any new landscaping used to provide required screening shall consist of native and/or existing types of vegetation and, within five (5) years from construction, must be of sufficient size and density to meet the screening criteria defined above ("Landscaping").

(iii) Design: Design and materials of buildings and structures shall comply with the Applicable Rules (as defined in Section 31 of the Conservation Easement). When Landscaping is used to achieve required screening, esthetically compatible, non-reflective materials and finishes also shall be used for any portions of buildings or structures that will be visible from any of the Protected Views until such building and structure portions are Screened by the Landscaping.

(E) Illumination: Lighting shall be kept at levels reasonably appropriate for the purpose of the illumination, comply with all applicable laws, codes and regulations, and be designed and implemented to

minimize light visible from the Protected Views and to not impair Conservation Values.

(F) Additional Criteria for Building Sites within Homesite Improvement Areas:

(i) Building sites shall be located on slopes less than 30%.

(ii) Building sites shall be located more than 100-feet from the top of any stream bank.

(iii) Building sites shall be located at least 100 feet from any "Wetland Areas", defined as areas that are inundated or saturated by surface or ground water at a frequency and duration sufficient to support, and that under normal circumstances do support, a prevalence of vegetation typically adapted for life in saturated soil conditions (including swamps, marshes, bogs, vernal pools and similar areas).

(iv) Building sites shall be located so as to not impair Oak woodland areas.

(v) Building sites shall be located so as to not impair sensitive habitat areas or cultural and archeological resources.

(4) Allowable Uses within Owner Homesites. Structures and facilities allowable within each five (5) acre Homesite Improvement Area are limited to one (1) single family residence and accessory structures and facilities allowed under the Applicable Rules (as defined in Section 31) and any further restrictions in the Conservation Easement ("Homesite Facilities"). In each twenty (20)-acre Homesite Buffer Area, fencing, agricultural accessory structures and facilities and private uses separate from the common ranch operation are allowed, subject to all applicable requirements of the Conservation Easement, including being subject to the Common Management Plan prepared pursuant to Subsection 6(c) and the criteria for non-residential structures and facilities in Subsections 3(a) and (b) of the Conservation Easement. In addition to the restrictions and requirements set forth herein, the Owner Homesite allowable uses and development shall comply with the Applicable Rules.

B. Subdivision Criteria:

Except as provided in this **Exhibit H**, Grantor shall not separately sell, transfer or subdivide (by legal or any other process) any portion of the Easement Area, including existing parcels for which certificates of compliance have been issued, separate from the balance of the Easement Area (collectively referred to herein as "Divide" or "Division").

(a) Allowable Divisions. Grantor retains the right to the following Divisions:

(1) Twenty-seven (27) Owner Homesite Parcels. Grantor retains the right to twenty-seven (27) Owner Homesite Parcels. An “Owner Homesite Parcel” is defined as a Clustered Owner Homesite Parcel, a Fallback Owner Homesite Parcel or an Owner Homesite Large Parcel as these terms are defined below. There shall be no more than a combined total of twenty-five (25) Clustered Owner Homesite Parcels and/or Fallback Owner Homesite Parcels. There shall be no more than two (2) Owner Homesite Large Parcels.

(A) Twenty-five (25) Clustered Owner Homesite Parcels. Grantor will use good faith efforts to obtain approvals for creation of a Division or Divisions of twenty-five (25) parcels with the Owner Homesite portion of each parcel to be located wholly within one of the five (5) Owner Homesite Areas shown on **Exhibits D-1-A through D-1-F** (“Clustered Owner Homesite Parcels”). Applications for Division creating Clustered Owner Homesite Parcels may be phased in the sole discretion of Grantor and may use any combination of Grantee Approved Owner Homesites. Grantor and Grantee acknowledge that Divisions to create Clustered Owner Homesite Parcels may not be allowed under the Applicable Rules. Grantor retains the right to seek approval of lot sizes less than the minimum lot size of three hundred twenty (320) acres for grazing land under the Applicable Rules in the County’s Agriculture land use category. To accommodate a Division with parcels less than the current minimum lot size, an amendment to the current zoning and certified Local Coastal Plan, approved by both the County of San Luis Obispo and the California Coastal Commission, may be required in addition to subdivision and coastal development permit approval.

(B) Fallback Alternative to Clustered Owner Homesite Parcels. Grantor and Grantee acknowledge that obtaining regulatory approvals of applications for a Division creating Clustered Owner Homesite Parcels may take one or more years, and that such approvals are discretionary in nature and may be denied, unreasonably delayed or unreasonably conditioned (collectively referred to herein as a “Denial”), even if Grantor engages in good faith efforts. As a fallback right, Grantor shall have the right to a Division for the purpose of creating a “Fallback Owner Homesite Parcel” for each Clustered Owner Homesite Parcel authorized in Subsection B(a)(1)(A) of this Exhibit. If Grantor elects to exercise such right, any Fallback Owner Homesite Parcel so created shall be utilized by Grantor solely to accommodate an alternative Owner Homesite for each Clustered Owner Homesite Parcel for which there has been a Denial, in accordance with the Applicable Rules and the following further restrictions (the “Fallback Right”). With respect to each of the five (5) pre-approved Owner Homesite Areas, a Fallback Right will be triggered only upon Denial of two or more Clustered Owner Homesite Parcels for which Grantor has applied for regulatory approval or approvals within that Owner Homesite Area.

The Denial of regulatory approval or approvals of more than one Clustered Owner Homesite Parcel within an Owner Homesite Area shall trigger one Fallback Right for each Denial other than the first Clustered Owner Homesite Parcel applied for but Denied. As an example, if Grantor applied for a Division to create five (5) parcels with Grantee Approved Owner Homesites within an Owner Homesite Area shown on **Exhibits D-1-A through D-1-F**, and three (3) parcels are approved and two (2) are Denied, one (1) Fallback Right would be triggered. If all five (5) were denied, four (4) Fallback Rights would be triggered. If the approval of a Grantee Approved Owner Homesite is conditioned on a *de minimus* reconfiguring of the boundary (but not a reduction in the size) of the Grantee Approved Owner Homesite or Clustered Owner Homesite Parcel, such conditioning shall not be deemed a Denial that triggers a Fallback Right. “*De minimus*” reconfiguration shall not include complete relocation of a Grantee Approved Owner Homesite Improvement Area. Grantor shall promptly notify Grantee, and provide supporting documentation, of each asserted Denial. In the event that Grantor is claiming a Fallback Right on the basis of an asserted Denial, Grantor shall so notify Grantee not later than ninety (90) days prior to exercising the Fallback Right. Under the Fallback Right, an Owner Homesite may be located on any existing or future legal parcel; *provided* Grantor shall comply with the Siting Guidelines for locating Owner Homesites on such existing or future parcels with the exceptions that: i) there will be no obligation to cluster or otherwise locate the Owner Homesite within any of the Owner Homesite Areas; and ii) the Viewshed Criteria otherwise applicable within one mile line of sight from the current alignment of Highway 1 shall be applicable only within one-half (½) mile line of sight distance from the current alignment of Highway 1, and the Viewshed Criteria otherwise applicable from one to five (1 to 5) miles line of sight from the current alignment of Highway 1 shall be applicable from ½ mile line of sight distance to 5 miles line of sight from the current alignment of Highway 1.

(C) Two (2) Owner Homesite Large Parcels. The balance of the Easement Area, excluding the Headquarters, Pico, and Junge-OSSV Employee Housing Areas, each as defined below, may be Divided into two additional parcels (each an “Owner Homesite Large Parcel”). With respect to each Owner Homesite Large Parcel Grantor retains a right to one (1) Owner Homesite (two (2) Owner Homesites total). Grantor shall comply with the Siting Guidelines, with the exception that the Owner Homesite on each Owner Homesite Large Parcel is not required to be clustered nor otherwise required to be located within an Owner Homesite Area.

(2) Headquarters and Pico Areas: In addition to the twenty-seven (27) Owner Homesite Parcels, Grantor retains the right to a Division creating a 1500-acre parcel (“Headquarters Area”) and a 100 acre parcel (“Pico Area”) in the locations shown on **Exhibits D-2 and D-3**. With respect to the Headquarters and Pico Areas, Grantor retains the rights to maintain existing facilities and to add additional facilities as allowed pursuant to this Conservation Easement. Adjustment of the pre-approved boundaries for the Headquarters and

Pico Areas shown on **Exhibits D-2** and **D-3** is allowed only: 1) in response to Denial of an application for a Division utilizing the pre-approved boundaries; or 2) if a Grantee Approved Owner Homesite encroaches into the Pico Area or Headquarters Area, the size of the Headquarters or Pico Area may be reduced to eliminate the encroachment.

(3) Junge-OSSV Employee Housing Area. If OSSV housing is required to be provided at the Junge-OSSV Employee Housing Area pursuant to Subsection 3(e) of the Conservation Easement, Grantor shall have the right to create a separate parcel for the Junge-OSSV Employee Housing Area shown on **Exhibit D-5**. Adjustment of the pre-approved boundary for the Junge-OSSV Employee Housing Area shown on **Exhibit D-5** shall be allowed only in response to Denial of an application for a Division utilizing the pre-approved boundaries.

(b) Methods for Creating Divisions. Grantor retains the right to utilize any method allowed pursuant to the Subdivision Map Act (Government Code §§ 66410 *et seq.*) or local regulation adopted pursuant to the Subdivision Map Act, including, but not limited to, lot line adjustment or subdivision processes, or a combination of these processes, and to utilize existing parcels, to create any Division authorized herein.

(c) Merger of Certificate of Compliance Parcels. Upon each issuance of a building permit for an Owner Homesite single family residence on an Owner Homesite Parcel, Grantor shall retire eight (8) existing certificate of compliance parcels, in an order determined by Grantor. Upon creation of the Headquarters and Pico Area parcels, Grantor shall retire thirteen (13) existing certificate of compliance parcels for each parcel created in an order determined by Grantor. Any existing certificate of compliance parcel merged or otherwise retired prior to issuance of a building permit as part of processing a Division shall count toward the number of certificate of compliance parcels otherwise required to be retired pursuant to this subsection after issuance of the building permit. After the Headquarters and Pico Area, and all twenty-seven (27) Owner Homesite Parcels are created and building permits issued for all Owner Homesite single family residences, Grantor shall retire all other remaining certificate of compliance parcels, so that the Easement Area shall contain only the twenty-seven (27) Owner Homesite Parcels and the Headquarters Parcel, Pico Area Parcel and, if created, the Junge-OSSV Employee Housing Area Parcel.